

WEEKLY ECONOMIC REVIEW

May 16, 2008

Alberta's housing market continued to soften in March as the price of a new home fell for the third consecutive month, declining 0.2% from February. High levels of inventories of unsold homes have been weighing on prices in the past few months. New house prices in Edmonton decreased 1.1% and were down 2.5% from their peak in December 2007. In Calgary, prices inched up by 0.6% from February. Nationally, prices increased by 0.2% as Saskatoon (+2.1%) and Regina (+1.7%) posted the highest price increases of the major cities.

Manufacturing shipments in Alberta fell 1.4% from February to March. Compared to March 2007, manufacturing shipments have fallen 4.4% as the appreciation of the Canadian dollar and the slowing U.S. economy put a damper on manufacturing exports. Computer and electronics (-29.3%) and chemical (-4.9%) manufacturing led the decline. On a national level, manufacturing shipments in March slid 1.6% from February. 18 of the 21 major manufacturing sectors experienced declines but the auto sector led the drop with shipments falling 6.2%.

In March the number of new vehicles sold in Alberta rose by 3.5% from February. Compared to March 2007 sales have fallen 1.7%. National sales dropped slightly from February but posted the strongest quarter

↑	Cdn Dollar (US¢/C\$)	
	May 16, 2008	100.3
	May 9, 2008	99.4
	2008-09 YTD	98.9
↑	WTI Oil US\$/bbl	
	May 15, 2008	\$ 124.12
	May 8, 2008	\$ 123.69
	2008-09 YTD	\$ 115.65
↓	Nymex Natural Gas C\$/MMBtu *	
	May Contract	
	May 16, 2008	\$11.51
	May 9, 2008	\$11.59
	*Estimate based on Nymex Futures Market Price	

over quarter growth since 1998. Lower prices associated with the strong Canadian dollar and the reduction in the GST helped push up sales in the first quarter of 2008.

The beleaguered U.S. housing market received a rare piece of good news this week as housing starts jumped 8.2% in April after reaching a 17-year low in March. Still, starts remain 30.6% lower than in April 2007.

Inflation in the U.S. moderated slightly in April to an annual rate of 3.9%. The largest price increase was for food products, which were up 5.1% from the April 2007.

Oil prices hovered around the US\$125/bbl mark this week before reaching over US\$127/bbl in mid-day trading on Friday. Strong commodity prices pushed the Canadian dollar above parity to a noon rate of 100.32US¢/C\$ on Friday.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date ¹
New Housing Price Index (1997 = 100)	March			
Alberta	253.2	-0.2%	8.7%	9.7%
Canada	158.4	0.2%	6.1%	6.3%
Manufacturing Shipments (\$ millions) ²	March			
Alberta	5,454.7	-1.4%	-4.4%	-2.0%
Canada	48,993.9	-1.6%	-7.7%	-4.9%
New Motor Vehicle Sales (units) ²	March			
Alberta	22,145	3.5%	-1.7%	0.7%
Canada	148,796	-0.5%	7.3%	9.1%

Source: Statistics Canada, ¹Year-to-date compared to the same period in the previous year. ² Seasonally adjusted

Alberta Finance and Enterprise